



City of Hartford, Connecticut

2021 Audit Presentation

February 24, 2022

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

Agenda

- Terms of Engagement
- Executive Summary
- Financial Highlights
- State Single Audit
- Governance Communication
- Upcoming GASB Pronouncements



Terms of Engagement

- Express opinions on whether the basic financial statements are presented in accordance with GAAP
- Express an “in relation” to opinion on the schedule of expenditures of federal awards and schedule of expenditures of State financial assistance.
- Express an opinion on compliance related to major federal and state award programs



Terms of Engagement

- Provide a report on internal control over financial reporting and compliance with laws, regulations, contracts and grants
- Provide a report on internal control over compliance related to major federal and state award programs



Executive Summary

- Financial Statements
 - Unmodified opinion issued on the financial statements
 - No findings reported in report on internal control and compliance



Executive Summary

- State Single Audit
 - Unmodified opinion on major state programs
 - No compliance findings or significant deficiencies in internal control over compliance reported



Financial Highlights (Exhibits I and II)

- Governmental Activities
 - Full accrual basis of accounting
 - Net position increased \$75.3M from \$559.9M to \$635.3M (pg. 13)
 - Capital assets increased \$23.1M (pg. 42)
 - Long term debt decreased \$133.4M (pg. 46)
- Business Type Activities
 - All enterprise funds combined
 - Net position decreased \$11K to \$18.9M (pg. 13)
- Hartford Parking Authority
 - Revenues and expenditures were \$5.4M for the year (pg. 13)



Financial Highlights (Exhibits III and IV)

- General Fund
 - Fund balance increased \$2.0M from \$29.8M to \$31.8M (pg. 16)
 - Budgetary expenditures were \$2.7M less than budgeted (pg. 96)
 - Budgetary revenues were \$3.2M more than budgeted (pg. 95)
 - Tax collections 96.18% versus 95.11% from the previous year (pg. 135)



Financial Highlights (Exhibits III and IV)

- Other Governmental Funds (pg. 16)
 - Capital Improvement Fund
 - Fund Balance Increased \$15.1M to \$11.6M
 - Community Development Loan and Grant
 - Fund Balance Decreased \$265K to \$2.1M
 - Debt Service Fund
 - Fund Balance Decreased \$244K to \$11.3M
 - Educational Grants
 - Fund Balance Decreased \$606K to \$1.0M
 - American Rescue Plan Increased \$4.4M
 - Nonmajor Governmental Funds
 - Fund Balance Increased \$4.9M to \$56.0M



Financial Highlights (Exhibits V and VI)

- Enterprise Funds
 - Hartford Stadium Authority (pg. 19)
 - Net Position Increased \$292K to \$877K
 - Hartford Parking Facilities (pg. 119)
 - Net Position Decreased \$354K to \$14.3M
 - Golf Course (pg. 119)
 - Net Position Increased \$51K to \$3.7M



Financial Highlights (Exhibits V and VI)

- Internal Service Funds (pg. 122)
 - Workers' Compensation
 - Net Position Decreased \$1.4M to \$(22.7M)
 - Liability and Property Damage
 - Net Position Increased \$400K to \$(4.1M)
 - Metro Hartford Information Services
 - Net Position – Decreased \$187K- \$651K
 - Retirees
 - Net Position – Increased \$4K - \$768K
 - Actives
 - Net Position Stayed the Same \$6.7M



Financial Highlights (Exhibits VIII and IX)

- Pension and OPEB Trust Funds (pg. 125)
 - Municipal Employees Retirement Fund
 - Net Position Increased \$189.1M to \$1.199B
 - Retirement Allowance Fund
 - \$10K of employer contributions and benefits paid
 - Fireman's Relief Fund
 - \$26K of employer contributions and benefits paid
 - Police Benevolent Fund
 - \$166K of employer contributions and benefits paid
 - OPEB Trust Fund
 - Net Position Increased \$4.8M to \$27.7M



Financial Highlights

- Net OPEB Liabilities
 - City \$400M and .69% funded (pg. 77)
 - BOE \$19M and 56.58% funded (pg. 77)
- Net Pension Liabilities
 - MERF Plan \$401.5M and 74.93% funded (pg. 60)
 - RAF/PBF/FRF Plan \$1.5M and 0% funded (pg. 60)
 - 415(m) Plan \$134K and 0% funded (pg. 60)
 - CMERS Plan \$36.3M and 71.18% funded (pg. 102)



State Single Audit

- Total state awards expended - \$158.9M
- Major programs
 - Magnet Schools
 - Priority School Districts
 - State Public Library Construction Grant
 - Reimbursement Towns- Tax Loss on State Owned Property
 - Citywide Streetscape Improvements Grant
- Unmodified opinion on major program compliance
- No compliance or internal control finding



Auditors' Communication

- New standards adopted – GASB 84 *Fiduciary Activities*
- Significant Estimates
 - Capital Assets – Useful lives
 - Net Pension Liability
 - Net OPEB Liability



Auditors' Communication

- No disagreements with management
- Management did not consult with other accountants
- No difficulties encountered in performing the audit
- No uncorrected misstatements
- No independence issues



Management Letter

- Educational Grants Fund
 - We recommend that that Board of Education create policies and procedures similar to the City in accounting for grants to improve the timeliness of reporting for analysis purposes and fully utilizing the financial management system to calculate balances.



GASB Standards

- Implementation Year 2022
 - Statement 87 – Leases
 - Statement 89 – Accounting for Interest Cost before the End of a Construction Period
 - Statement 92 – Omnibus 2020 (various)
 - Statement 93 – Replacement of Interbank Offered Rates
 - Statement 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans



GASB Standards

- Implementation Year 2023
 - Statement 91 – Conduit Debt Obligations
 - Statement 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements
 - Statement 96 – Subscription-Based Information Technology Arrangements



Contact Information

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Questions?



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